



## CANADA'S SMALL BUSINESS E-COMMERCE MARKET WORTH \$2.75 BILLION

*Entrepreneurs in fast lane - Almost 2/3 who use Internet have high speed access*

**Toronto, August 22, 2002** – Canada's small business owners have become a sophisticated and potentially very lucrative market for companies offering high-tech products and services, according to the most recent findings of a four year longitudinal study small business and e-commerce in Canada.

Conducted by SES Canada Research, the **SES Web Entrepreneurship Survey** of 1,000 Canadian small businesses found that:

- ⊕ Canadian small businesses bought and sold \$2.75 billion via the Internet in the past year, 41% more than the \$2 billion they purchased in 2001.
- ⊕ Small businesses bought \$1.45 billion via the Internet in the past year, an average of \$4,200 per small business;
  - ⊕ This is an increase of 26% over the previous year's \$1.15 billion in purchases.
  - ⊕ While a substantial increase, this marks a significant deceleration from the 180% growth in purchases last year;
- ⊕ Small businesses sold \$1.3 billion over the Internet during the past year, an average of \$15,100 per small business;
  - ⊕ This is an increase of 53% from the \$850 million they sold over the Internet the previous year.
  - ⊕ As with purchases, this represents a significant deceleration in growth. Growth in small business e-commerce sales was 143% the previous year.

"The Nortels of the world may be in trouble these days, but the small business market is lucrative and fast-growing," said Nik Nanos, Managing Director of SES. "Canada's entrepreneurs are early adopters and sophisticated users of technology. They are in the fast lane. They should be a priority target market for anyone selling high-tech services from Internet access to banking to travel arrangements."

The survey found that almost two-thirds of small businesses who use the Internet have some form of high speed, broadband access while only one-third still have dial-up access:

- ⊕ 40% of small businesses have a high-speed digital subscriber line (DSL) modem from a local telco or Internet service provider;
- ⊕ 32% use dial-up access;
- ⊕ 16% use a cable modem;
- ⊕ 8% have another type of dedicated connection; and
- ⊕ 4% have multiple means of access.



Canadian entrepreneurs who have chosen to adopt broadband access to the Internet are naturally more inclined towards a deeper adoption of the new technology. 56% of broadband Internet users have engaged in e-commerce activities in the past, compared to 40% of those with a dial-up connection.

“Most small business owners have the bandwidth to do high-value activities and are ready to buy services that many residential customers aren’t,” said Mr. Nanos. “This applies not only to their business use of the Internet, but their personal use as well. You can sell products and services to small business owners that are much more difficult to sell to the average consumer.”

The SES Web Entrepreneurship Survey is a syndicated survey on electronic commerce, focusing specifically on businesses with fewer than fifty employees. Conducted annually, the Web Entrepreneurship Survey identifies opportunities and assists subscribers in understanding the perceptions of small businesses as they relate to commercialization of the Internet.

SES surveyed 1000 randomly selected Canadian small businesses between May 15-30, 2002 by telephone. The survey results are accurate to within 3.1 percentage points, plus or minus, 19 times out of 20.

Established in 1987, SES provides strategic research, executive counsel and innovative solutions to Canada’s leading decision-makers. SES is one of Canada’s leading research and management consulting companies.

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**To electronically access the survey methodology or for information on obtaining a copy of the report visit:**

<http://www.sesresearch.com>



# E-COMMERCE TRENDS

**METHODOLOGY** The SES Web Entrepreneurship Survey is a longitudinal syndicated study on electronic commerce, focusing specifically on Canadian small- and medium-sized enterprises with fewer than 50 employees.

Conducted annually by telephone over the past four years, it identifies opportunities and assists SES clients in understanding the perceptions of small- and medium- sized enterprises as they relate to commercialization of the Internet.

The 2002 wave of research of 1,000 Canadian entrepreneurs conducted between May 15 and 30, 2002 is accurate to within 3.1 percentage points, plus or minus, 19 times out of twenty. The project was completed in accordance with the standards of the Professional Market Research Society of Canada.

For more information on the methodology, study findings or to purchase a detailed copy of the analysis and report, please visit <http://www.sesresearch.com> or contact:

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**INTERNET USE** Longitudinal tracking indicates that growth in the total number of Canadian SMEs using the Internet has jumped over the past year. Perceptions regarding the impact continue to be positive.

INTERNET USE	1999 %	2000 %	2001 %	2002 %
SMEs Using Internet	61	74	78	88
SMEs Not Using Internet	39	26	22	12
Growth	--	+13	+4	+10

Source: SES Research, Web Entrepreneurship Surveys

INTERNET IMPACT ON ALL CANADIAN SMALL BUSINESSES	1999 %	2000 %	2001 %	2002 %
Major Impact	40	48	51	57
Minor Impact	41	39	32	33
No Impact	15	10	16	8

Source: SES Research, Web Entrepreneurship Surveys

**BUYING AND SELLING** The percentage of small businesses already on-line engaging in electronic commerce has remained steady over the past year.

BOUGHT OR SOLD OVER THE INTERNET	1999 %	2000 %	2001 %	2002 %
Has bought or sold	27	41	46	47
Has not bought or sold	73	59	54	53
Growth	--	+14	+5	+1

Source: SES Research, Web Entrepreneurship Surveys

## E-COMMERCE DOLLAR VALUE GROWING

Although the percentage of Canadian SMEs who engage in e-commerce is not growing the intensity and dollar value continues to increase. Canadian entrepreneurs have also managed to close the gap over the past year.

VALUE OF ACTIVITY	2000	2001	2002	Change
SME Internet purchases	\$410M	\$1,150M	\$1,450M	+ \$300M
SME Internet sales	\$350M	\$850M	\$1,300M	+ \$450M
SME Total Value	\$760M	\$2,000M	\$2,750M	+ \$750M
Surplus/Deficit	- \$60M	-\$300M	-\$150M	

Source: SES Research, Web Entrepreneurship Surveys